

ANNUAL STATEMENT

Including Supplements

OF THE

OMNICARE HEALTH PLAN, INC.

of **MEMPHIS**

in the state of **TENNESSEE**

TO THE

Insurance Department

OF THE

STATE OF TENNESSEE

FOR THE YEAR ENDED
December 31, 2002



00000200220100100

HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

OmniCare Health Plan, Inc.

NAIC Group Code

0000

(Current Period)

0000

(Prior Period)

NAIC Company Code

00000

Employer's ID Number

62-1547197

Organized under the Laws of

Tennessee

, State of Domicile or Port of Entry

Tennessee

Country of Domicile

US

Licensed as business type:

Life, Accident & Health

[]

Property/Casualty

[]

Hospital, Medical & Dental Service or Indemnity

[]

Dental Service Corporation

[]

Vision Service Corporation

[]

Health Maintenance Organization

[X]

Other

[]

Is HMO Federally Qualified?

YES [] NO [X]

Date Incorporated or Organized:

October 6, 1993

Date Commenced Business:

January 3, 1994

Statutory Home Office:

1991 Corporate Avenue, 4th Floor

Memphis, TN

38132

Main Administrative Office:

1991 Corporate Avenue, 4th Floor

Memphis, TN

38132

901-346-0064

Mail Address:

1991 Corporate Avenue, 4th Floor

Memphis, TN

38132

Primary Location of Books and Records:

1991 Corporate Avenue, 4th Floor

Memphis, TN

38132

901-346-0064

Internet Website Address:

www.ochptn.com

Statement Contact:

Lorenzo Harris

901-346-0064

lharris@ochptn.com

901-346-1032

(E-Mail Address)

(Fax Number)

Policyowner Relations Contact:

1991 Corporate Avenue, 4th Floor

Memphis, TN

38132

901-346-0064

OFFICERS
Chairman of the Board

President

Osbie Howard

Secretary

Marsha Lynn Robinson

Treasurer

Lorenzo Harris,

(Chief Financial Officer)

Actuary

Vice-Presidents

Edward W. Reed, M.D.	Stephanie Dowell	Briggette Green	Martin Ikle

DIRECTORS OR TRUSTEES

Alvin King	William Brooks	Frank Banks	Thomas J. Marzette
Julius V. Combs, M.D.	Samuel King	Beverly Williams-Cleaves, M.D.	Charles Carpenter
Rebecca Clark			

State of Tennessee
County of Shelby ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Osbie Howard	Marsha Lynn Robinson	Lorenzo Harris
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer (Chief Financial Officer)

Subscribed and sworn to before me this

28th

day of

February

, 2003

a. Is this an original filing?

YES [X] NO []

b. If no:

1. State the amendment number

2. Date filed

02/28/2003

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1. Bonds	3,121,523		3,121,523	1,810,000
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)			(a)	
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 2,154,965 , Schedule E-Part 1) and short-term investments (\$ 0 , Schedule DA-Part 2)	2,154,965		2,154,965	21,491,600
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal cash and invested assets (Lines 1 to 8)	5,276,488		5,276,488	23,301,600
10. Accident and health premiums due and unpaid	3,188,082		3,188,082	1,140,042
11. Health care receivables	1,537,829		1,537,829	1,069,851
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	67,548		67,548	93,519
15. Amounts due from parent, subsidiaries and affiliates	275,000		275,000	347,919
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$ 110,840 net deferred tax asset)	110,840	110,840		
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets				
23. Total assets (Lines 9 plus 10 through 22)	10,455,787	110,840	10,344,947	25,952,931
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201.				
2202.				
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)				

(a) \$ 0 health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	1,076,691		1,076,691	18,077,140
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued				
8. Federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))(including \$ 0 net deferred tax liability)	580		580	67,000
9. Amounts withheld or retained for the account of others				
10. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
11. Amounts due to parent, subsidiaries and affiliates	31,197		31,197	
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ 2,152,348 current)	2,152,348		2,152,348	681,547
18. Total liabilities (Lines 1 to 17)	3,260,816		3,260,816	18,825,687
19. Common capital stock	X X X	X X X	200,000	200,000
20. Preferred capital stock	X X X	X X X	12,550,000	12,550,000
21. Gross paid in and contributed surplus	X X X	X X X		
22. Surplus notes	X X X	X X X		
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(5,665,869)	(5,622,757)
25. Less treasury stock, at cost:				
25.1 0 shares common (value included in Line 19 \$ 0)	X X X	X X X		
25.2 0 shares preferred (value included in Line 20 \$ 0)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 25)	X X X	X X X	7,084,131	7,127,243
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	10,344,947	25,952,930
DETAILS OF WRITE-INS				
1701. Premium Tax Payable	1,337,149		1,337,149	681,547
1702. Overpayment from State of Tennessee	815,199		815,199	
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. Totals (Lines 1701 through 1703 plus 1798) (Line 17 above)	2,152,348		2,152,348	681,547
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	1,377,079	778,207
2. Net premium income	X X X	101,265,990	113,143,632
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	9,567,548	348,316
7. Total revenues (Lines 2 to 6)	X X X	110,833,538	113,491,948
Medical and Hospital:			
8. Hospital/medical benefits		61,874,046	83,121,285
9. Other professional services		2,875,613	2,817,587
10. Outside referrals			
11. Emergency room and out-of-area		10,211,130	8,512,099
12. Prescription Drugs		14,692,948	
13. Aggregate write-ins for other medical and hospital		4,020,499	3,329,036
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		93,674,236	97,780,007
Less:			
16. Net reinsurance recoveries			204,960
17. Total medical and hospital (Lines 15 minus 16)		93,674,236	97,575,047
18. Claims adjustment expenses		5,821,754	3,773,422
19. General administrative expenses		12,359,491	11,514,272
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		111,855,481	112,862,741
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(1,021,943)	629,207
23. Net investment income earned		444,291	1,136,350
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)		444,291	1,136,350
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
27. Aggregate write-ins for other income or expenses			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(577,652)	1,765,557
29. Federal and foreign income taxes incurred	X X X	1,309,400	(1,366,900)
30. Net income (loss)(Lines 28 minus 29)	X X X	(1,887,052)	3,132,457
DETAILS OF WRITE-INS			
0601. Pharmacy Rebates	X X X	1,005,989	328,304
0602. Fixed Administrative Revenue from State	X X X	7,783,041	
0603. Miscellaneous Revenue	X X X	628,296	20,012
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X	150,222	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	9,567,548	348,316
1301. Durable Medical Equipment		1,402,214	1,265,820
1302. Transportation		2,618,285	2,063,216
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)		4,020,499	3,329,036
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	7,127,243	5,084,781
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(1,887,052)	3,132,457
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses	7,382	18,184
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	1,836,558	(1,108,179)
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital and surplus (Lines 32 to 45)	(43,112)	2,042,462
47. Capital and surplus end of reporting year (Line 31 plus 46)	7,084,131	7,127,243
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. Totals (Lines 4501 through 4503 plus 4598) (Line 45 above)		

REPORT #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSE
Statement as of December 31, 2002 of OmniCare Health Plan, Inc.

	Current Period	Current Year to Date	Prior Calendar Year
MEMBER MONTHS	353,171	1,377,079	778,207
REVENUES:			
1. TennCare Capitation	47,626,942	176,985,956	113,606,235
2. Investment	43,563	467,025	1,136,350
3. Other Revenue (Provide detail)	5,261,287	11,231,708	348,316
4. TOTAL REVENUES (Lines 1 to 3)	52,931,792	188,684,690	115,090,901
EXPENSES:			
Medical and Hospital Services			
5. Capitated Physician Services	1,690,895	7,377,732	4,748,849
6. Fee-for-Service Physician Services	4,030,319	13,284,668	9,088,624
7. Inpatient Hospital Services	12,089,970	47,770,625	28,609,318
8. Outpatient Services	9,621,084	28,043,989	17,782,548
9. Emergency Room Services	2,446,466	14,561,705	8,512,099
10. Mental Health Services	-	2,850	33,232
11. Dental Services	245,430	3,384,478	1,996,647
12. Vision Services	355,683	1,172,736	557,558
13. Pharmacy Services	8,124,950	30,359,998	15,139,374
14. Home Health Services	332,043	643,960	230,150
15. Chiropractic Services	-	-	-
16. Radiology Services	1,203,459	2,945,326	1,768,180
17. Laboratory Services	410,924	2,310,583	1,607,050
18. Durable Medical Equipment Services	895,091	2,601,889	1,265,820
19. Transportation Services	1,475,161	4,748,585	2,063,216
20. Outside Referrals	-	-	-
21. Medical Incentive Pool and Withhold Adjustments	-	-	88
22. Occupancy, Depreciation, and Amortization	-	-	-
23. Other Medical and Hospital Services (Provide detail)	4,484,605	9,568,395	4,542,436
24. Subtotal (Lines 5 to 23)	47,406,078	168,777,520	97,945,189
25. Reinsurance Expenses Net of Recoveries	202,310	697,308	257,643
LESS:			
26. Copayments	-	-	-
27. Subrogation	-	-	-
28. Coordination of Benefits	-	(57,892)	(165,185)
29. Subtotal (Lines 26 to 28)	-	(57,892)	(165,185)
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	47,608,388	169,416,935	98,037,647
Administration:			
31. Compensation	1,322,187	5,664,330	5,203,366
32. Marketing	43,524	53,051	582,807
33. Interest Expense	-	-	21,614
34. Premium Tax Expense	1,026,548	3,695,380	2,272,323
35. Occupancy, Depreciation and Amortization	175,784	822,551	805,693
36. Other Administration (Provide detail)	2,074,555	10,919,495	5,034,994
37. TOTAL ADMINISTRATION (Lines 31 thru 36)	4,642,598	21,154,806	13,920,797
38. TOTAL EXPENSES (Lines 30 and 37)	52,250,986	190,571,741	111,958,444
39. NET INCOME (LOSS) (Line 4 less 38)	680,806	(1,887,051)	3,132,457

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums and revenues collected net of reinsurance	99,217,950	113,566,350
2. Claims and claims adjustment expenses	116,496,439	99,319,473
3. General administrative expenses paid	12,359,491	11,514,272
4. Other underwriting income (expenses)	9,567,548	348,316
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(20,070,432)	3,080,921
6. Net investment income	470,262	1,190,689
7. Other income (expenses)		9,501
8. Federal and foreign income taxes (paid) recovered	(1,375,820)	1,433,900
9. Net cash from operations (Lines 5 to 8)	(20,975,990)	5,715,011
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	11,855,353	1,400,428
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	11,855,353	1,400,428
11. Cost of investments acquired (long-term only):		
11.1 Bonds	13,151,727	1,604,122
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications	7,768	
11.7 Total investments acquired (Lines 11.1 to 11.6)	13,159,495	1,604,122
12. Net cash from investments (Line 10.8 minus Line 11.7)	(1,304,142)	(203,694)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates	104,116	
13.3 Borrowed funds received		
13.4 Other cash provided	2,839,381	
13.5 Total (Lines 13.1 to 13.4)	2,943,497	
14. Cash applied:		
14.1 Dividends to stockholder paid		
14.2 Net transfers to affiliates		490,412
14.3 Borrowed funds repaid		
14.4 Other applications		1,791,771
14.5 Total (Lines 14.1 to 14.4)		2,282,183
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	2,943,497	(2,282,183)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(19,336,635)	3,229,134
17. Cash and short-term investments:		
17.1 Beginning of year	21,491,600	18,262,466
17.2 End of year (Line 16 plus Line 17.1)	2,154,965	21,491,600

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	101,265,990								101,265,990				
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ 0 medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues	9,567,548								9,567,548				
6. Total revenues (Lines 1 to 5)	110,833,538								110,833,538				
7. Medical/hospital benefits	61,874,046								61,874,046				
8. Other professional services	2,875,613								2,875,613				
9. Outside referrals													
10. Emergency room and out-of-area	10,211,130								10,211,130				
11. Prescription Drugs	14,692,948								14,692,948				
12. Aggregate write-ins for other medical and hospital	4,020,499								4,020,499				
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	93,674,236								93,674,236				
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	93,674,236								93,674,236				
17. Claims adjustment expenses	5,821,754								5,821,754				
18. General administrative expenses	12,359,491								12,359,491				
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	111,855,481								111,855,481				
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(1,021,943)								(1,021,943)				
DETAILS OF WRITE-INS													
0501. Pharmacy Rebates	1,005,989								1,005,989				
0502. Fixed Administrative Revenue from State	7,783,041								7,783,041				
0503. Miscellaneous Revenue	628,296								628,296				
0598. Summary of remaining write-ins for Line 5 from overflow page	150,222								150,222				
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	9,567,548								9,567,548				
1201. Durable Medical Equipment	1,402,214								1,402,214				
1202. Transportation	2,618,285								2,618,285				
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	4,020,499								4,020,499				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (medical and hospital)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	101,587,701		321,711	101,265,990
8. Other				
9. Totals	101,587,701		321,711	101,265,990

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	110,674,685							110,674,685	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	110,674,685							110,674,685	
2. Paid medical incentive pools and bonuses									
3. Claim Liability December 31, current year from Part 2A:									
3.1 Direct	1,076,691							1,076,691	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	1,076,691							1,076,691	
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim Liability December 31, prior year from Part 2A:									
7.1 Direct	18,077,140							18,077,140	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	18,077,140							18,077,140	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	93,674,236							93,674,236	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	93,674,236							93,674,236	
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct	2,373							2,373	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	2,373							2,373	
2. Incurred but Unreported:									
2.1 Direct	1,074,318							1,074,318	
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	1,074,318							1,074,318	
3. Amount Withheld from Paid Claims and Capitations:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS:									
4.1 Direct	1,076,691							1,076,691	
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	1,076,691							1,076,691	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (medical and hospital)						
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan Premiums						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	19,195,739	91,478,946	(1,118,599)	2,195,290	18,077,140	18,077,140
8. Other						
9. Subtotal	19,195,739	91,478,946	(1,118,599)	2,195,290	18,077,140	18,077,140
10. Medical incentive pools, accruals and disbursements						
11. Totals	19,195,739	91,478,946	(1,118,599)	2,195,290	18,077,140	18,077,140

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Hospital & Medical

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS

(000 Omitted)

Medicare Supplement

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Dental Only

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Vision Only

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS

(000 Omitted)

Title XVIII - Medicare

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Title XIX - Medicaid

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	9,038				
2. 1998	22,923	12,202			
3. 1999	X X X	49,639	12,151		
4. 2000	X X X	X X X	59,441	12,802	
5. 2001	X X X	X X X	X X X	82,744	19,196
6. 2002	X X X	X X X	X X X	X X X	91,479

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	16,362				
2. 1998	28,687	13,883			
3. 1999	X X X	60,213	14,318		
4. 2000	X X X	X X X	73,321	17,143	
5. 2001	X X X	X X X	X X X	96,481	18,077
6. 2002	X X X	X X X	X X X	X X X	93,674

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998	67,246	54,146			54,146	80.519			54,146	80.519
3. 1999	72,463	58,866			58,866	81.236			58,866	81.236
4. 2000	86,663	73,070			73,070	84.315			73,070	84.315
5. 2001	113,606	102,820	3,773	3.670	106,593	93.827	(1,119)		105,474	92.842
6. 2002	101,588	91,479	5,822	6.364	97,301	95.780	2,195		99,496	97.941
7. Total (Lines 1 through 6)	X X X	380,381	9,595	X X X	389,976	X X X	1,076		391,052	X X X
8. Total (Lines 2 through 6)	441,566	X X X	X X X	10.034	X X X	435.677	X X X	X X X	X X X	436.853

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Other
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Grand Total
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	9,038				
2. 1998	22,923	12,202			
3. 1999	X X X	49,639	12,151		
4. 2000	X X X	X X X	59,441	12,802	
5. 2001	X X X	X X X	X X X	82,744	19,196
6. 2002	X X X	X X X	X X X	X X X	91,479

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	16,362				
2. 1998	28,687	13,883			
3. 1999	X X X	60,213	14,318		
4. 2000	X X X	X X X	73,321	17,143	
5. 2001	X X X	X X X	X X X	96,481	18,077
6. 2002	X X X	X X X	X X X	X X X	93,674

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998	67,246	54,146			54,146	80.519			54,146	80.519
3. 1999	72,463	58,866			58,866	81.236			58,866	81.236
4. 2000	86,663	73,070			73,070	84.315			73,070	84.315
5. 2001	113,606	102,820	3,773	3.670	106,593	93.827	(1,119)		105,474	92.842
6. 2002	101,588	91,479	5,822	6.364	97,301	95.780	2,195		99,496	97.941
7. Total (Lines 1 through 6)	X X X	380,381	9,595	X X X	389,976	X X X	1,076		391,052	X X X
8. Total (Lines 2 through 6)	441,566	X X X	X X X	10.034	X X X	435.677	X X X	X X X	X X X	436.853

NONE Underwriting and Investment Exhibit - Part 2D

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$ 0 for occupancy of own building)	65,183	440,449		505,632
2. Salaries, wages and other benefits	376,754	4,951,264		5,328,018
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)				
4. Legal fees and expenses	11,514	103,622		115,136
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services	76,327	686,938		763,265
7. Traveling expenses	330	145,420		145,750
8. Marketing and advertising		(118,761)		(118,761)
9. Postage, express and telephone	10,933	440,502		451,435
10. Printing and office supplies	3,227	309,523		312,750
11. Occupancy, depreciation and amortization	29,835	287,084		316,919
12. Equipment				
13. Cost or depreciation of EDP equipment and software				
14. Outsourced services including EDP, claims, and other services	3,442,698			3,442,698
15. Boards, bureaus and association fees	4,688	76,179		80,867
16. Insurance, except on real estate		317,623		317,623
17. Collection and bank service charges		9,418		9,418
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes		2,031,219		2,031,219
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes	24,967	311,345		336,312
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses	1,775,299	2,367,666		4,142,965
26. Total expenses incurred (Lines 1 to 25)	5,821,755	12,359,491	(a)	18,181,246
27. Add expenses unpaid December 31, prior year				
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 plus 30)	5,821,755	12,359,491		18,181,246
DETAILS OF WRITE-INS				
2501. Administrative Expense	53,855	484,698		538,553
2502. Consumables	1,142	95,055		96,197
2503. Other Unassigned	1,720,302	303,515		2,023,817
2598. Summary of remaining write-ins for Line 25 from overflow page		1,484,398		1,484,398
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	1,775,299	2,367,666		4,142,965

(a) Includes management fees of \$ 15,276,353 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 90,744	122,698
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 402,239	321,593
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	492,983	444,291
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		
17. Net investment income - (Line 10 minus Line 16)		444,291
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds			12,623		12,623
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)			12,623		12,623
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2	110,840	1,947,398	1,836,558
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets			
5. Total (Line 1 plus Line 3 and 4)	110,840	1,947,398	1,836,558
DETAILS OF WRITE-INS			
0401.			
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. Totals (Lines 0401 through 0403 plus 0498) (Line 4 above)			

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	79,739	121,541	120,054	119,543	114,544	1,377,079
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	79,739	121,541	120,054	119,543	114,544	1,377,079
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)						

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
United American of Tennessee	Reimbursement for Case Manager Medical Expense	31,197	31,197	
0199999 Individually listed payables		31,197	31,197	
22				
0399999 Total gross payables		31,197	31,197	

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	4,010,463	3.62				4,010,463
2. Intermediaries	2,019,738	1.82				2,019,738
3. All other providers	105,005	0.09				105,005
4. Total capitation payments	6,135,206	5.54				6,135,206
Other Payments:						
5. Fee-for-service	7,553,618	6.83	X X X	X X X		7,553,618
6. Contractual fee payments	96,985,861	87.63	X X X	X X X		96,985,861
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. Total other payments	104,539,479	94.46	X X X	X X X		104,539,479
13. Total (Line 4 plus Line 12)	110,674,685	100%	X X X	X X X		110,674,685

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

[illegible]

NONE Exhibit 9 - Furniture, Equipment, and Supplies Owned

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of OmniCare Health Plan, Inc. are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance.

The Tennessee Department of Commerce and Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissions' (the „NAIC“) *Accounting Practices and Procedures* manual, version effective January 1, 2001 („NAIC SAP“) has been adopted as a component of prescribed or permitted practices by the state of Tennessee.

There are no reconciling items between the Company's net income and capital and surplus between NAIC SAP practices prescribed and permitted by the state of Tennessee.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

TennCare capitation revenues are recognized as health insurance coverage is provided to enrollees.

In addition, the company uses the following accounting policies:

- (1) Cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less when purchased and are carried at cost, which approximates market value.
- (2) The carrying values of cash and cash equivalents, receivables, and fixed maturities approximate fair values of these instruments.
- (3) Comprehensive income is the total of net income and all other non-ownership changes in equity, as required by Financial Accounting Standard No. 130, *Reporting Comprehensive Income*.
- (4) The Company provides for medical claims incurred but not reported based primarily on past experience, together with current factors, using accepted actuarial methods. Estimates are adjusted as changes in these factors occur, and such adjustments are reported in the year of determination. Although considerable variability is inherent in such estimates, management believes that these reserves are adequate.
- (5) Fixed maturities are comprised of investments in certificates of deposit, federal agency debt securities, and U.S. Treasury notes carried at fair value, based upon published quotations of the underlying security, and six-month certificates of deposit, carried at cost plus interest earned, which approximates fair value. Fixed maturities placed in escrow to meet statutory funding requirements, although considered available for sale, are not reasonably expected to be used in the normal operating cycle of the Company and are classified as noncurrent. All other available-for-sale securities are classified as current.

Premiums and discounts are amortized or accreted, respectively, over the life of the related debt security as an adjustment to yield using the yield-to-maturity method. Interest income is recognized when earned. Realized gains and losses

NOTES TO FINANCIAL STATEMENTS

on investments are included in investment income and are derived using the specific identification method for determining the cost of securities sold; unrealized gains and losses on fixed maturities are recorded as a separate component of stockholders' equity, net of deferred federal income taxes.

1. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors
None.

B. Cumulative Effect of Changes in Accounting Principles as a Result of the Initial Implementation of Codification

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Tennessee. Effective January 1, 2001, the State of Tennessee required that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual – version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Tennessee insurance commissioner.

Accounting changes adopted to conform to the provision of the NAIC Accounting Practices and Procedures manual – version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased (decreased) unassigned funds (surplus), of \$ 0 as of January 1, 2002.

2. Business Combinations and Goodwill

None.

3. Discontinued Operations

None.

4. Investments

- A. Mortgage Loans – None.
- B. Debt Restructuring – None.
- C. Reverse Mortgages – None.
- D. Loan-Backed Securities – None.
- E. Repurchase Agreements – None.

5. Joint Ventures, Partnerships and Limited Liability Companies

None.

6. Investment Income

Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

The total amount excluded was \$ 0.

7. Derivative Instruments

None.

8. Income Taxes

A. The components of the net deferred tax asset (liability) at December 31, 2002 and 2001 are as follows:

2002	2001
------	------

Total of all deferred tax assets (admitted

NOTES TO FINANCIAL STATEMENTS

and nonadmitted)	\$110,840	\$ 1,424,500
Total of all deferred tax liabilities	\$ 0	\$ 0
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 110,840	\$ 1,424,500
Increase (decrease) in deferred tax assets Nonadmitted	\$(1,313,660)	\$ 1,424,500

B. The components of income tax benefit for the years ended December 31, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Current	\$ 0	\$ 67,000
Deferred	\$ <u>1,309,400</u>	\$ <u>(1,433,900)</u>
<u>Total</u>	\$ 1,309,400	\$ (1,366,900)

C. Deferred income taxes arise primarily from net operating loss carryforwards and unrealized investment holding gains. The Company has a net operating loss carry-forward for tax purposes of approximately \$6,900,000, which expires between 2011 and 2021.

1. Information Concerning Parent, Subsidiaries and Affiliates

At December 31, 2002, the Company reported \$275,000 as accounts receivable due from the Parent Company, United American of Tennessee, Inc.

The Parent Company, United American of Tennessee, Inc. has contracted with the Company to provide management services for their Medicaid HMO.

The Parent Company, United American of Tennessee, Inc. owns 75% of the Company's common stock and all of the Company's outstanding preferred stock.

2. Debt
None.

3. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
None.

4. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
The Company has 89,100,000 shares of common stock authorized with 8,000,000 shares issued and outstanding. The stock has a par value of \$0.025.

The Company has 13,300,000 shares of Series A preferred stock authorized, issued and outstanding. The stock has a par value of \$1.00 and is nonvoting, nonconvertible and non-dividend bearing. The stock has a liquidation preference of \$1.00 per share and is subject to redemption at any time by the Company at 110% of par value.

5. Contingencies
None.

15. Leases
None.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

NOTES TO FINANCIAL STATEMENTS

None.

18. **Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

None.

19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

None.

20. **Other Items**

None.

21. **Events Subsequent**

None.

22. **Reinsurance**

A. Unsecured Reinsurance Recoverable

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

B. Reinsurance Recoverable in Dispute

None.

C. Reinsurance Assumed and Ceded

None.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

None.

F. Retroactive Reinsurance

None.

23. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

None.

24. **Salvage and Subrogation**

None.

25. **Change in Incurred Claims and Claim Adjustment Expenses**

There has been no change in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years.

26. **Organization and Operation**

The Company was organized as a for-profit organization to provide or arrange for health care services to enrollees in the State of Tennessee's TennCare program (TennCare). The Company was incorporated October 6, 1993 and commenced operations January 1, 1994 in the service area of Shelby County, Tennessee. The Company has a certificate of authority to operate a TennCare health maintenance organization. The Company has a contract with TennCare to provide health care service to enrollees. The TennCare contract was renewed on July 1, 2000 for a 42-month term expiring December 31, 2003. The Company was providing health care services to approximately 114,544 and 79,739 enrollees at December 31, 2002 and 2001 respectively. All of the Company's capitation revenues are currently derived from its operations in the

NOTES TO FINANCIAL STATEMENTS

TennCare program. Effective July 1, 2002, the State of Tennessee placed all MCO's involved in the TennCare program on an eighteen month stabilization period. During this period, the State will be responsible for all medical costs and will pay each MCO for administrative services. TennCare has stated that it intends to return to a full risk system at the end of the stabilization period.

The Company has entered into contractual arrangements with various health care providers. The basis for payment by the Company under these arrangements includes prospectively determined rates per diagnosis, discounts from established charges, prospectively determined daily rates, and monthly capitated rates. The Company outsources the management of its enrollees' dental, vision, and pharmacy claims to various third-party administrators. The State of Tennessee assumed responsibility for the dental benefits effective October 1, 2002. Fees related to services provided by the TPAs are recorded as medical claims expense.

27. Minimum Net Worth

Under the laws of the State of Tennessee, the Plan is required to maintain net worth that is the greater of \$1.5 million or 4% of the first \$150 million of annual premium revenue plus 1.5% of the annual premium in excess of \$150 million.

Annual premium revenue	\$ 184,768,997
	<u>X 4% and 1.5%</u>
Net worth required	\$ 6,521,535
Net worth of Plan at 12/31/02	\$ 7,084,131

Under the laws of the State of Tennessee, the Plan is required before transacting business, to deposit and maintain \$900,000. In addition, the Plan is required to maintain a deposit of \$100,000 for each \$10 million (or fraction) in premium revenue in excess of \$20 million but less than \$100 million and \$50,000 for each \$10 million (or fraction) in excess of \$100 million.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (including residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC	2,121,523	40.207	2,121,523	40.207
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,000,000	18.952	1,000,000	18.952
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	2,154,965	40.841	2,154,965	40.841
9. Other invested assets				
10. Total invested assets	5,276,488	100.000	5,276,488	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [☐] No [☒]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [☐] No [☐] N/A [☒]
- 1.3

State Regulating?

TN
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [☒]
- 2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

06/30/2000
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

09/07/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/07/2001
- 3.4

By what department or departments? State of Tennessee
Department of Commerce and Insurance
TennCare Division
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [☐] No [☒]

4.12

renewals?

Yes [☐] No [☒]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [☐] No [☒]

4.22

renewals?

Yes [☐] No [☒]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [☒]
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	
	00000	
	00000	

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes [☐] No [☒]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [☐] No [☒]
- 7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager, or attorney-in-fact)

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES
(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG, LLP
150 West Jefferson, Suite 1200, Detroit, MI 48226
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Michael L. Rasmussen
222 South Ninth Street, Suite 1500, Minneapolis, MN 55402
Reden & Anders, Ltd.
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes ☒ No ☐
- 10.3

Have there been any changes made to any of the trust indentures during the year?

Yes ☐ No ☒
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

Yes ☐ No ☐ N/A ☒

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes ☒ No ☐
12.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes ☒ No ☐
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes ☒ No ☐

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11

To directors or other officers

\$

14.12

To stockholders not officers

\$

14.13

Trustees, supreme or grand (Fraternal only)

\$
- 14.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21

To directors or other officers

\$

14.22

To stockholder not officers

\$

14.23

Trustees, supreme or grand (Fraternal only)

\$
- 15.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes ☐ No ☒
- 15.2

If yes, state the amount thereof at December 31 of the current year:

15.21

Rented from others

\$

15.22

Borrowed from others

\$

15.23

Leased from others

\$

15.24

Other

\$

Disclose in Notes to Financial the nature of each obligation.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes ☐ No ☒
- 16.2

If answer is yes:

16.21

Amount paid as losses or risk adjustment

\$

16.22

Amount paid as expenses

\$

16.23

Other amounts paid

\$

GENERAL INTERROGATORIES
(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred	13,300,000	13,300,000	1	1	Yes [X] No []	Yes [] No [X]
Common	89,100,000	8,000,000		X X X	X X X X X X	X X X X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2 If no, give full and complete information, relating thereto 0
0
0

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or securities restricted as to sale	\$
19.29	Other	\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

19.31	0
19.32	0
19.33	0
19.34	0
19.35	0
19.36	0
19.37	0
19.38	0
19.39	0

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
AmSouth Bank	Nashville, TN

GENERAL INTERROGATORIES
(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [☐] No [☒]
22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ _____
23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$ _____
	\$ _____
	\$ _____
	\$ _____

24.1 Amount of payments for legal expenses, if any? \$ _____ 115,136
24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Boult, Cummings, Conners, Berry	\$ 111,133
	\$ _____
	\$ _____
	\$ _____

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ _____
25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ _____
	\$ _____
	\$ _____
	\$ _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2 If yes, indicate premium earned on U.S. business only.

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31 Reason for excluding

YES []

NO [X]

\$

\$

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

1.62 Total incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

1.65 Total incurred claims

1.66 Number of covered lives

\$

\$

\$

\$

\$

\$

1.7 Group policies:

Most current three years:

1.71 Total premium earned

1.72 Total incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

1.75 Total incurred claims

1.76 Number of covered lives

\$

\$

\$

\$

\$

\$

2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

YES []

NO [X]

2.2 If yes, give particulars:

3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

YES [X]

NO []

3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

YES [X]

NO []

4.1 Does the reporting entity have stop-loss reinsurance?

YES [X]

NO []

4.2 If no, explain:

4.3 Maximum retained risk (see instructions)

4.31 Comprehensive Medical

4.32 Medical Only

4.33 Medicare Supplement

4.34 Dental

4.35 Other Limited Benefit Plan

4.36 Other

\$

\$

\$

\$

\$

\$

200,000

5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

6.1 Does the reporting entity set up its claim liability for provider services on a service data base?

YES [X]

NO []

6.2 If no, give details

7. Provide the following information regarding participating providers:

7.1 Number of providers at start of reporting year

7.2 Number of providers at end of reporting year

1,067

1,128

8.1 Does the reporting entity have business subject to premium rate guarantees?

YES []

NO [X]

8.2 If yes, direct premium earned:

8.21 Business with rate guarantees between 15-36 months

8.22 Business with rate guarantees over 36 months

9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts?

YES []

NO [X]

9.2 If Yes:

9.21 Maximum amount payable bonuses

9.22 Amount actually paid for year bonuses

9.23 Maximum amount payable withholds

9.24 Amount actually paid for year withholds

\$

\$

\$

\$

10. List service areas in which reporting entity is licensed to operate:

1		
Name of Service Area		
Shelby County	Southwest Tennessee	Northwest Tennessee

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2002	2001	2000	1999	1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	10,344,947	25,952,931	21,794,036	19,096,168	17,543,613
2. Total liabilities (Page 3, Line 18)	3,260,816	18,825,687	16,709,255	13,619,233	14,599,636
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	7,084,131	7,127,243	5,084,781	5,476,935	2,943,978
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	110,833,538	113,491,948	88,114,592	73,597,421	68,185
6. Total medical and hospital expenses (Line 17)	93,674,236	97,575,047	75,072,004	59,122,457	56,554,585
7. Total administrative expenses (Line 19)	12,359,491	11,514,272	13,485,756	11,911,500	12,017,773
8. Net underwriting gain (loss) (Line 22)	(1,021,943)	629,207	(1,488,004)	1,622,144	(1,177,648)
9. Net investment gain (loss) (Line 25)	444,291	1,136,350	1,044,836	919,788	777,247
10. Total other income (Line 26 plus 27)				21,532	13,387
11. Net income or (loss) (Line 30)	(1,887,052)	3,132,457	(446,468)	2,553,064	(387,013)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	7,084,131	6,712,833	5,090,981	5,476,935	2,943,978
13. Authorized control level risk-based capital	4,841,400	4,863,153	1,635,166	394,061	251,409
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	114,544	79,739	51,092	41,494	45,516
15. Total members months (Column 6, Line 7)	1,377,079	778,207	562,540	519,550	542,172
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	92.5	86.4	86.6	81.7	84.1
18. Total underwriting deductions (Line 21)	100.1	99.8	102.2	98.2	102.0
19. Total underwriting gain (loss) (Line 22)	(1.0)	0.6	(1.7)	2.2	(1.8)
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	18,077,140	16,048,143	12,254,948	13,088,289	9,585,853
21. Estimated liability of unpaid claims - [prior year (Line 11, Col. 6)]	18,077,140	16,048,143	12,254,948	13,088,289	9,585,853

FIVE-YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

NONE **Schedule A, B and BA Verification**

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	2,121,523	2,121,523	2,101,727	2,105,000
	2. Canada				
	3. Other Countries				
	4. Totals	2,121,523	2,121,523	2,101,727	2,105,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	1,000,000	1,000,000	1,000,000	
	22. Canada				
	23. Other Countries				
	24. Totals	1,000,000	1,000,000	1,000,000	
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	3,121,523	3,121,523	3,101,727	2,105,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	3,121,523	3,121,523	3,101,727	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 0.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,810,000	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	13,151,727	6.1 Column 17, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1	
3.1 Column 16, Part 1	15,149	6.3 Column 11, Part 2, Section 2	
3.2 Column 12, Part 2, Section 1		6.4 Column 11, Part 4	
3.3 Column 10, Part 2, Section 2		7. Book/adjusted carrying value at end of current period	3,121,523
3.4 Column 10, Part 4	15,149	8. Total valuation allowance	
4. Total gain (loss), Column 14, Part 4		9. Subtotal (Lines 7 plus 8)	3,121,523
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	11,855,353	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	3,121,523

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1		2,121,523				2,121,523	67.964	1,810,000	100.000	2,121,523	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals		2,121,523				2,121,523	67.964	1,810,000	100.000	2,121,523	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1		1,000,000				1,000,000	32.036			1,000,000	
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals		1,000,000				1,000,000	32.036			1,000,000	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

SCHEDULE D - PART 1A - SECTION 1 (continued)
Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1		3,121,523				3,121,523	100.000	X X X	X X X	3,121,523	
10.2 Class 2								X X X	X X X		
10.3 Class 3								X X X	X X X		
10.4 Class 4								X X X	X X X		
10.5 Class 5						(c)		X X X	X X X		
10.6 Class 6						(c)		X X X	X X X		
10.7 Totals		3,121,523				(b) 3,121,523	100.000	X X X	X X X	3,121,523	
10.8 Line 10.7 as a % of Col. 6		100.000				100.000	X X X	X X X	X X X	100.000	
11. Total Bonds Prior Year											
11.1 Class 1		1,810,000				X X X	X X X	1,810,000	100.000	1,810,000	
11.2 Class 2						X X X	X X X				
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 Totals		1,810,000				X X X	X X X	(b) 1,810,000	100.000	1,810,000	
11.8 Line 11.7 as a % of Col. 8		100.000				X X X	X X X	100.000	X X X	100.000	
12. Total Publicly Traded Bonds											
12.1 Class 1		3,121,523				3,121,523	100.000	1,810,000	100.000	3,121,523	X X X
12.2 Class 2											X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 Totals		3,121,523				3,121,523	100.000	1,810,000	100.000	3,121,523	X X X
12.8 Line 12.7 as a % of Col. 6		100.000				100.000	X X X	X X X	X X X	100.000	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10		100.000				100.000	X X X	X X X	X X X	100.000	X X X
13. Total Privately Placed Bonds											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 Totals										X X X	
13.8 Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$ 0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ 0 current year, \$ 0 prior year of bonds with Z designations and \$ 0 current year, \$ 0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ 0 current year, \$ 0 prior year of bonds with 5* designations and \$ 0 current year, \$ 0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

[illegible]

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 Totals											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)		1,000,000				1,000,000	32.036			1,000,000	
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 Totals		1,000,000				1,000,000	32.036			1,000,000	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations		3,121,523				3,121,523	100.000	X X X X X X	X X X X X X	3,121,523	
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 Totals		3,121,523				3,121,523	100.000	X X X	X X X	3,121,523	
10.8 Line 10.7 as a % of Col. 6		100.000				100.000	X X X	X X X	X X X	100.000	
11. Total Bonds Prior Year											
11.1 Issuer Obligations		1,810,000				X X X	X X X	1,810,000	100.000	1,810,000	
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 Totals		1,810,000				X X X	X X X	1,810,000	100.000	1,810,000	
11.8 Line 11.7 as a % of Col. 8		100.000				X X X	X X X	100.000	X X X	100.000	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations		3,121,523				3,121,523	100.000	1,810,000	100.000	3,121,523	X X X X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X X X X
12.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X X X X
12.6 Other											
12.7 Totals		3,121,523				3,121,523	100.000	1,810,000	100.000	3,121,523	X X X
12.8 Line 12.7 as a % of Col. 6		100.000				100.000	X X X	X X X	X X X	100.000	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10		100.000				100.000	X X X	X X X	X X X	100.000	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X X X X	
13.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X X X X	
13.6 Other											
13.7 Totals										X X X X X X	
13.8 Line 13.7 as a % of Col. 6							X X X X X X	X X X X X X	X X X X X X	X X X X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10											

NONE	Schedule DA - Part 2
NONE	Schedule DB - Part A and B Verification
NONE	Schedule DB - Part C, D and E Verification
NONE	Schedule DB - Part F - Section 1
NONE	Schedule DB - Part F - Section 2
NONE	Schedule S - Part 1 - Section 2
NONE	Schedule S - Part 2

Annual Statement for the year 2002 of the **OmniCare Health Plan, Inc.**

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

[illegible]

NONE Schedule S - Part 4

SCHEDULE S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business

(000 Omitted)

	1 2002	2 2001	3 2000	4 1999	5 1998
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX-Medicaid	322	463	5	118	584
4. Commissions and reinsurance expense allowance					
5. Total medical and hospital expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses				235	
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	5,276,488		5,276,488
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10)	3,188,082		3,188,082
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	1,880,377		1,880,377
6. Total assets (Line 23)	10,344,947		10,344,947
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	1,076,691		1,076,691
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 6)			
10. Reinsurance in unauthorized companies (Line 14)			
11. All other liabilities (Balance)	2,184,125		2,184,125
12. Total liabilities (Line 18)	3,260,816		3,260,816
13. Total capital and surplus (Line 26)	7,084,131	X X X	7,084,131
14. Total liabilities, capital and surplus (Line 27)	10,344,947		10,344,947
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.		1	2	Direct Business Only			
				3	4	5	6
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	NO				
2.	Alaska	AK	NO				
3.	Arizona	AZ	NO				
4.	Arkansas	AR	NO				
5.	California	CA	NO				
6.	Colorado	CO	NO				
7.	Connecticut	CT	NO				
8.	Delaware	DE	NO				
9.	Dist. Columbia	DC	NO				
10.	Florida	FL	NO				
11.	Georgia	GA	NO				
12.	Hawaii	HI	NO				
13.	Idaho	ID	NO				
14.	Illinois	IL	NO				
15.	Indiana	IN	NO				
16.	Iowa	IA	NO				
17.	Kansas	KS	NO				
18.	Kentucky	KY	NO				
19.	Louisiana	LA	NO				
20.	Maine	ME	NO				
21.	Maryland	MD	NO				
22.	Massachusetts	MA	NO				
23.	Michigan	MI	NO				
24.	Minnesota	MN	NO				
25.	Mississippi	MS	NO				
26.	Missouri	MO	NO				
27.	Montana	MT	NO				
28.	Nebraska	NE	NO				
29.	Nevada	NV	NO				
30.	New Hampshire	NH	NO				
31.	New Jersey	NJ	NO				
32.	New Mexico	NM	NO				
33.	New York	NY	NO				
34.	North Carolina	NC	NO				
35.	North Dakota	ND	NO				
36.	Ohio	OH	NO				
37.	Oklahoma	OK	NO				
38.	Oregon	OR	NO				
39.	Pennsylvania	PA	NO				
40.	Rhode Island	RI	NO				
41.	South Carolina	SC	NO				
42.	South Dakota	SD	NO				
43.	Tennessee	TN	NO			101,587,701	
44.	Texas	TX	NO				
45.	Utah	UT	NO				
46.	Vermont	VT	NO				
47.	Virginia	VA	NO				
48.	Washington	WA	NO				
49.	West Virginia	WV	NO				
50.	Wisconsin	WI	NO				
51.	Wyoming	WY	NO				
52.	American Samoa	AS	NO				
53.	Guam	GU	NO				
54.	Puerto Rico	PR	NO				
55.	US Virgin Islands	VI	NO				
56.	Canada	CN	NO				
57.	Aggregate Other Alien	OT	X X X				
58.	Total (Direct Business)	X X X	(a) 1			101,587,701	
DETAILS OF WRITE-INS							
5701.							
5702.							
5703.							
5798. Summary of remaining write-ins for Line 57 from overflow page							
5799. Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)							
Explanation of basis of allocation by states, premiums by state, etc.							

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y (continued)

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3. Will an actuarial certification be filed by March 1?	YES
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	NO
5. Will the Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	NO
6. Will the SVO Compliance Certification be filed by March 1?	YES
APRIL FILING	
7. Will Management's Discussion and Analysis be filed by April 1?	YES
8. Will the Long-term Care Experience Reporting Forms be filed with the the state of domicile and the NAIC by April 1?	NO
9. Will the Investment Risks Interrogatories be filed by April 1?	NO
JUNE FILING	
10. Will an audited financial report be filed by June 1 with the state of domicile?	YES

Explanation:

Company does not write Medicare Supplement Insurance


The State of Tennessee does not require the Plan to file with the NAIC


This information is not required by the State of Tennessee


Company does not write long term care insurance


The State of Tennessee does not require the Plan to file with the NAIC


Bar code:


00000200236000000


00000200239000000


00000200239000000


00000200233000000


00000200228500000

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation
STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total

REMAINING WRITE-INS AGGREGATED AT LINE 06 FOR OTHER HEALTH CARE RELATED REVENUES

0604. Premium Tax Revenue from State	XXX	150,222	
0605.	XXX		
0606.	XXX		
0607.	XXX		
0608.	XXX		
0609.	XXX		
0610.	XXX		
0611.	XXX		
0612.	XXX		
0613.	XXX		
0614.	XXX		
0615.	XXX		
0616.	XXX		
0617.	XXX		
0618.	XXX		
0619.	XXX		
0620.	XXX		
0621.	XXX		
0622.	XXX		
0623.	XXX		
0624.	XXX		
0625.	XXX		
0697. Totals (Lines 0604 through 0625) (Page 4, Line 0698)	XXX	150,222	

REMAINING WRITE-INS AGGREGATED AT LINE 13 FOR OTHER MEDICAL AND HOSPITAL

1304.			
1305.			
1306.			
1307.			
1308.			
1309.			
1310.			
1311.			
1312.			
1313.			
1314.			
1315.			
1316.			
1317.			
1318.			
1319.			
1320.			
1321.			
1322.			
1323.			
1324.			
1325.			
1397. Totals (Lines 1304 through 1325) (Page 4, Line 1398)			

REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR OTHER INCOME OR EXPENSES

2704.			
2705.			
2706.			
2707.			
2708.			
2709.			
2710.			
2711.			
2712.			
2713.			
2714.			
2715.			
2716.			
2717.			
2718.			
2719.			
2720.			
2721.			
2722.			
2723.			
2724.			
2725.			
2797. Totals (Lines 2704 through 2725) (Page 4, Line 2798)			

OVERFLOW PAGE FOR WRITE-INS

Page 7 - Continuation

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplemental	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other

REMAINING WRITE-INS AGGREGATED AT LINE 05 FOR OTHER HEALTH CARE RELATED REVENUES

0504. Premium Tax Revenue from State	150,222								150,222				
0505.													
0506.													
0507.													
0508.													
0509.													
0510.													
0511.													
0512.													
0513.													
0514.													
0515.													
0516.													
0517.													
0518.													
0519.													
0520.													
0521.													
0522.													
0523.													
0524.													
0525.													
0597. Totals (Lines 0504 through 0525) (to Page 7, Line 0598)	150,222								150,222				

REMAINING WRITE-INS AGGREGATED AT LINE 12 FOR OTHER MEDICAL AND HOSPITAL

1204.													
1205.													
1206.													
1207.													
1208.													
1209.													
1210.													
1211.													
1212.													
1213.													
1214.													
1215.													
1216.													
1217.													
1218.													
1219.													
1220.													
1221.													
1222.													
1223.													
1224.													
1225.													
1297. Totals (Lines 1204 through 1225) (to Page 7, Line 1298)													

OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation
UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR EXPENSES				
2504. Miscellaneous Expense		145,279		145,279
2505. Provision for Income Taxes				
2506. Provision for Income Taxes of Mgmt Company		1,339,119		1,339,119
2507.				
2508.				
2509.				
2510.				
2511.				
2512.				
2513.				
2514.				
2515.				
2516.				
2517.				
2518.				
2519.				
2520.				
2521.				
2522.				
2523.				
2524.				
2525.				
2597. Totals (Lines 2504 through 2525) (Page 14, Line 2598)		1,484,398		1,484,398

NONE **Medicare (by State)**

NONE	Schedule A - Part 1
NONE	Schedule A - Part 2
NONE	Schedule A - Part 3
NONE	Schedule B - Part 1
NONE	Schedule B - Part 2
NONE	Schedule BA - Part 1
NONE	Schedule BA - Part 2

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

[illegible]

NONE Schedule D - Part 2 - Section 1

NONE Schedule D - Part 2 - Section 2

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

[illegible]

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identi- fication	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
31364KU24	Federal National Mortgage Association	02/12/2002	Called by Issuer		1,404,122	1,405,000.00	1,404,122	1,404,122						39,516	
3133MBJ99	Federal Home Loan Bank	05/15/2002	Matured		100,981	100,000.00	100,981	100,981						3,625	
3133M2UD7	Federal Home Loan Construction Bonds	12/23/2002	Matured		100,250	100,000.00	100,250	100,250						5,905	
3136F1BB5	Federal National Mortgage Association	12/26/2002	Called by Issuer		200,000	200,000.00	200,000	200,000						6,750	
0399999	Subtotal - Bonds - U.S. Governments				1,805,353	1,805,000.00	1,805,353	1,805,353						55,796	X X X
6099997	Subtotal - Bonds - Part 4				1,805,353	1,805,000.00	1,805,353	1,805,353						55,796	X X X
6099998	Summary Item for Bonds, Columns 9 through 16 of Part 5				10,050,000	4,050,000.00	10,050,000	10,050,000						104,325	X X X
6099999	Subtotal - Bonds				11,855,353	5,855,000.00	11,855,353	11,855,353						160,121	X X X
7299999	Total Bonds, Preferred and Common Stocks				11,855,353	X X X	11,855,353	11,855,353						160,121	

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

[illegible]

NONE	Schedule D - Part 6 - Section 1 and 2
NONE	Schedule DA - Part 1
NONE	Schedule DB - Part A - Section 1 and 2
NONE	Schedule DB - Part A - Section 3 and Part B - Section 1
NONE	Schedule DB - Part B - Section 2 and 3
NONE	Schedule DB - Part C - Section 1 and 2
NONE	Schedule DB - Part C - Section 3 and Part D - Section 1
NONE	Schedule DB - Part D - Section 2 and 3
NONE	Schedule DB - Part E - Section 1

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value (-), or Fair Value Over Statement (+)
1. Bonds	3,121,523	3,121,523	
2. Preferred Stocks			
3. Totals	3,121,523	3,121,523	

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

[illegible]

(a) Including \$ 0 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.



00000200228500100

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

Due April 1
For the year ended December 31, 2002

Of The Insurance Company

Address (City, State, Zip Code):

NAIC Group Code 0000 NAIC Company Code 00000 Employer's ID Number 00-0000000

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by stating the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments as shown on the Summary Investment Schedule. All reporting entities must answer interrogatories 1, 2, 3, 4, 11 and, if applicable 20 through 24. Answer each of interrogatories 5 through 19 (except 11) only if the reporting entity's aggregate holding in the gross investment category addressed in that interrogatory equals or exceeds 2.5% of the reporting entity's total admitted assets. For Life, Health and Fraternal blanks, responses are to exclude Separate Accounts. For Property Casualty blank, responses are to exclude Protected Cell Accounts.

1. State the reporting entity's total admitted assets as reported in Page 2 of this annual statement. \$

2. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding U.S. government, U. S. government agency securities and those U. S. Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, property occupied by the company and policy loans.

1	2	3
Investment Category	Amount	Percentage of Total Admitted Assets
2.01	\$	%
2.02	\$	%
2.03	\$	%
2.04	\$	%
2.05	\$	%
2.06	\$	%
2.07	\$	%
2.08	\$	%
2.09	\$	%
2.10	\$	%

3. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds	1	2	Preferred Stocks	3	4
3.01 NAIC-1	\$	%	3.07 P/RP-1	\$	%
3.02 NAIC-2	\$	%	3.08 P/RP-2	\$	%
3.03 NAIC-3	\$	%	3.09 P/RP-3	\$	%
3.04 NAIC-4	\$	%	3.10 P/RP-4	\$	%
3.05 NAIC-5	\$	%	3.11 P/RP-5	\$	%
3.06 NAIC-6	\$	%	3.12 P/RP-6	\$	%

4. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 31 - Derivative Instruments), including (4.01) foreign-currency-denominated investments of \$ 0 ; .000 % (4.02) supporting insurance liabilities denominated in that same foreign currency of \$ 0 ; .000 % and excluding (4.03) Canadian investments and currency exposure of \$ 0 ; .000 %

Assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatories 5 - 10.(4.04) Yes [] No [X]

5.	Aggregate foreign investment exposure categorized by NAIC sovereign rating:	<u>1</u>	<u>2</u>	
5.01	Countries rated NAIC-1	\$ .....	.....	%
5.02	Countries rated NAIC-2	\$ .....	.....	%
5.03	Countries rated NAIC-3 or below	\$ .....	.....	%
6.	Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:	<u>1</u>	<u>2</u>	
	Countries rated NAIC-1:			
6.01	Country:	\$ .....	.....	%
6.02	Country:	\$ .....	.....	%
	Countries rated NAIC-2:			
6.03	Country:	\$ .....	.....	%
6.04	Country:	\$ .....	.....	%
	Countries rated NAIC-3 or below:			
6.05	Country:	\$ .....	.....	%
6.06	Country:	\$ .....	.....	%
7.	Aggregate unhedged foreign currency exposure	<u>1</u>	<u>2</u>	%
8.	Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:	<u>1</u>	<u>2</u>	
8.01	Countries rated NAIC-1	\$ .....	.....	%
8.02	Countries rated NAIC-2	\$ .....	.....	%
8.03	Countries rated NAIC-3 or below	\$ .....	.....	%
9.	Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:	<u>1</u>	<u>2</u>	
	Countries rated NAIC-1:			
9.01	Country:	\$ .....	.....	%
9.02	Country:	\$ .....	.....	%
	Countries rated NAIC-2:			
9.03	Country:	\$ .....	.....	%
9.04	Country:	\$ .....	.....	%
	Countries rated NAIC-3 or below:			
9.05	Country:	\$ .....	.....	%
9.06	Country:	\$ .....	.....	%
10.	List the 10 largest non-sovereign (i.e. non-governmental) foreign issues:	<u>2</u>	<u>3</u>	
	<u>1</u>			
	NAIC Rating			
10.01	NAIC rating	\$ .....	.....	%
10.02	NAIC rating	\$ .....	.....	%
10.03	NAIC rating	\$ .....	.....	%
10.04	NAIC rating	\$ .....	.....	%
10.05	NAIC rating	\$ .....	.....	%
10.06	NAIC rating	\$ .....	.....	%
10.07	NAIC rating	\$ .....	.....	%
10.08	NAIC rating	\$ .....	.....	%
10.09	NAIC rating	\$ .....	.....	%
10.10	NAIC rating	\$ .....	.....	%

11. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including Canadian-currency-denominated investments of (11.01) \$ 0 ;000 % supporting Canadian-denominated insurance liabilities of (11.02) \$ 0 ;000 %

Assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 12. (11.03) Yes ☐ No ☒

12. Aggregate Canadian investment exposure.

	<u>1</u>	<u>2</u>	
12.01 Canadian investments	\$ .....	.....	%
12.02 Unhedged Canadian currency exposure	\$ .....	.....	%

13. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

Assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 13. Yes ☐ No ☒

	<u>1</u>	<u>2</u>	<u>3</u>	
13.01 Aggregate statement value of investments with contractual sales restrictions		\$ .....	.....	%
Largest 3 investments with contractual sales restrictions:				
13.02 .....		\$ .....	.....	%
13.03 .....		\$ .....	.....	%
13.04 .....		\$ .....	.....	%

14. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Assets held in equity interests less than 2.5% of the reporting entity's total; admitted assets, therefore detail not required for interrogatory 14. Yes ☐ No ☒

	<u>1</u>	<u>2</u>	<u>3</u>	
	<u>Investment Category</u>			
14.01 .....		\$ .....	.....	%
14.02 .....		\$ .....	.....	%
14.03 .....		\$ .....	.....	%
14.04 .....		\$ .....	.....	%
14.05 .....		\$ .....	.....	%
14.06 .....		\$ .....	.....	%
14.07 .....		\$ .....	.....	%
14.08 .....		\$ .....	.....	%
14.09 .....		\$ .....	.....	%
14.10 .....		\$ .....	.....	%

15. State the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 15. Yes ☐ No ☒

	<u>1</u>	<u>2</u>	<u>3</u>
15.01	Aggregate statement value of investments held in nonaffiliated, privately placed equities	\$ %
	Largest 3 investments held in nonaffiliated, privately placed equities:		
15.02	.....	\$ .....	..... %
15.03	.....	\$ .....	..... %
15.04	.....	\$ .....	..... %

16. State the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 16. Yes [] No [X]

	<u>1</u>	<u>2</u>	<u>3</u>
16.01	Aggregate statement value of investments held in general partnership interests.	\$ %
	Largest 3 investments with contractual sales restrictions:		
16.02	.....	\$ .....	..... %
16.03	.....	\$ .....	..... %
16.04	.....	\$ .....	..... %

17. With respect to mortgage loans reported in Schedule B, state the amounts and percentages of the reporting entity's total admitted assets held.

Mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatories 17 and 18. Yes [] No [X]

Each of the 10 largest aggregate mortgage interests. The aggregate mortgage interest represents the combined value of all mortgages secured by the same property or same group of properties:

	<u>1</u> Type (Residential, Commercial, Agricultural)	<u>2</u>	<u>3</u>
17.01	\$ %
17.02	\$ %
17.03	\$ %
17.04	\$ %
17.05	\$ %
17.06	\$ %
17.07	\$ %
17.08	\$ %
17.09	\$ %
17.10	\$ %

18. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	<u>Loan-to-Value</u>	<u>Residential</u>		<u>Commercial</u>		<u>Agricultural</u>	
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
18.01	above 95%	\$	%	\$	%	\$	%
18.02	91% to 95%	\$	%	\$	%	\$	%
18.03	81% to 90%	\$	%	\$	%	\$	%
18.04	71% to 80%	\$	%	\$	%	\$	%
18.05	below 70%	\$	%	\$	%	\$	%

SUPPLEMENT FOR THE YEAR 2002 OF THE

	<u>1</u>	<u>2</u>	
18.06 Construction loans	\$	%
18.07 Mortgage loans over 90 days past due	\$	%
18.08 Mortgage loans in the process of foreclosure	\$	%
18.09 Mortgage loans foreclosed	\$	%
18.10 Restructured mortgage loans	\$	%

19. State the amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A, excluding property occupied by the company.

Assets held in each of the five largest investment in one parcel or group of contiguous parcels of real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 19. Yes [] No [X]

	<u>1</u>	<u>2</u>	<u>3</u>	
19.01	\$	%
19.02	\$	%
19.03	\$	%
19.04	\$	%
19.05	\$	%

20. State the amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-end</u>		<u>1st Qtr</u>	<u>At End of Each Quarter</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
20.01 Securities lending (do not include assets held as collateral for such transactions)	\$%	\$	\$	\$
20.02 Repurchase agreements	\$%	\$	\$	\$
20.03 Reverse repurchase agreements	\$%	\$	\$	\$
20.04 Dollar repurchase agreements	\$%	\$	\$	\$
20.05 Dollar reverse repurchase agreements	\$%	\$	\$	\$

21. State the amounts and percentages indicated below for warrants not attached to other financial instruments, options, caps, and floors:

	<u>Owned</u>		<u>Written</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
21.01 Hedging	\$%	\$%
21.02 Income generation	\$%	\$%
21.03 Other	\$%	\$%

22. State the amounts and percentages indicated below of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for collars, swaps, and forwards:

	<u>At Year-end</u>		<u>1st Qtr</u>	<u>At End of Each Quarter</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
22.01 Hedging	\$%	\$	\$	\$
22.02 Income generation	\$%	\$	\$	\$
22.03 Replications	\$%	\$	\$	\$
22.04 Other	\$%	\$	\$	\$

23. State the amounts and percentages indicated below of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for futures contracts:

		At Year-end			At End of Each Quarter		
		<u>1</u>	<u>2</u>		1st Qtr <u>3</u>	2nd Qtr <u>4</u>	3rd Qtr <u>5</u>
23.01	Hedging	\$ .....	.....	%	\$ .....	\$ .....	\$ .....
23.02	Income generation	\$ .....	.....	%	\$ .....	\$ .....	\$ .....
23.03	Replications	\$ .....	.....	%	\$ .....	\$ .....	\$ .....
23.04	Other	\$ .....	.....	%	\$ .....	\$ .....	\$ .....

24. State the amounts and percentages of 10 largest investments included in the Write-ins for Invested Assets category included on the Summary Investment Schedule.

	<u>1</u>	<u>2</u>	<u>3</u>	
24.01	\$	%
24.02	\$	%
24.03	\$	%
24.04	\$	%
24.05	\$	%
24.06	\$	%
24.07	\$	%
24.08	\$	%
24.09	\$	%
24.10	\$	%



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SUPPLEMENTAL COMPENSATION EXHIBIT
(To be filed by March 1)

PART 1 - INTERROGATORIES

- 1. The reporting insurer is a member of a group of insurers or other holding company system: X yes no. If yes, do the above amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group: Yes [X]; or 2) allocation to each insurer: Yes [].
- 2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes [] No [X]
- 3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes [] No [X]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
	2002				
	2001				
	2000				
1. Osbie Howard President	2002	254,661			254,661
	2001	254,269			254,269
	2000	175,000			175,000
2. Edward W. Reed, M.D. Senior Vice President - Medical Director	2002	178,837			178,837
	2001	177,070			177,070
	2000	168,714			168,714
3. Lorenzo Harris Chief Financial Officer	2002	125,305			125,305
	2001	120,320			120,320
	2000	103,169			103,169
4. Martin Ikle Vice President, Marketing	2002	102,154			102,154
	2001	98,436			98,436
	2000	88,088			88,088
5. Stephanie Dowell Chief Operating Officer	2002	92,123			92,123
	2001	40,289			40,289
	2000				
6.	2002				
	2001				
	2000				
7.	2002				
	2001				
	2000				
8.	2002				
	2001				
	2000				
9.	2002				
	2001				
	2000				
10.	2002				
	2001				
	2000				

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
1. Alvin King - Board of Directors	10,250		10,250
2. Rebecca Clark - Board of Directors	9,000		9,000
3. Julius Combs, M.D. - Board of Directors	8,970		8,970
4. Frank Banks - Board of Directors	7,750		7,750
5. T. J. Marzette - Board of Directors	7,500		7,500
6. Samuel King - Board of Directors	6,250		6,250
7. Charles Carpenter - Board of Directors	5,500		5,500
8. Beverly Williams-Cleaves, M.D. - Board of Directors	2,150		2,150
9. William Brooks - Board of Directors			
10.			
11.			
12.			
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00000200247000100

OmniCare Health Plan, Inc.

00000

Company Name

NAIC Code

SVO COMPLIANCE CERTIFICATION

"The undersigned is an officer of the insurer responsible for reporting investments to the SVO, and/or with making all filings with appropriate state regulatory officials and the NAIC and is therefore required to be familiar with the requirements of such filings. The undersigned officer certifies that, to the best of his or her knowledge, information, and belief, all prices or NAIC designations for the securities reported in this statement have been obtained directly from the SVO except as specifically identified below. The officer further certifies that, to the best of his or her knowledge, information, and belief, since the last filing of a quarterly or annual statement:

- 1. All securities previously valued by the insurer and identified by a Z suffix have now been submitted to the SVO for a valuation or disposed of by sale or otherwise with the result that all prices and NAIC Designations reported in this statement have been provided by the SVO, except for provisionally exempt and new purchases identified in Schedule D and DA with a Z suffix or items submitted but not yet processed by the SVO.
- 2. Any newly purchased securities now identified with a Z suffix will be submitted to the SVO within 120 days of purchase.
- 3. All necessary information on securities that have been previously designated NR (not rated due to lack of current information) by the SVO have either been submitted to the SVO by the insurer for a valuation or disposed of by the insurer.
- 4. All material issuer events (as defined below) have been reported to the SVO."

A material issuer event is a generic or transaction specific credit event of which the insurer is currently aware, which by its nature would signify to a reasonably prudent insurer that a material change in the credit quality or price of the investment or security has occurred.

As an illustration, and not by way of limitation, the following shall be deemed to constitute material issuer events:

- a. Recapitalizations or capital restructuring whether within or without Chapter 11 of the US Bankruptcy Code;
- b. Nonpayment, deferral, or payment in kind through waiver of any principal or contractual interest payment;
- c. Any change in the maturity of a security;
- d. Changes in the lender's collateral position, including releases of collateral, or the taking of a collateral position whether by operation of negative pledge covenant or otherwise;
- e. Events of a like character or of a like effect, which would be considered material to an investment professional.
- f. Exceptions:

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Lorenzo Harris
Name of Investment Officer

Signature of Investment Officer

Title of Signatory

02/26/2003
Date

Name:

2002 Supplemental Report
Annual Health Statement
State of Illinois

Illinois Only Exhibit of Enrollment and Utilization

This report should be used to report enrollment under contracts issued in Illinois, even if all enrollment is under contracts issued in Illinois.

	Total	Comprehensive (Hospital & Medical)		Medicare Supplement	Vision Only	Dental Only	FEHBP	Medicare	Medicaid	Other
		Individual	Group							
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Year:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										

Name:

**2002 Supplemental Report
Annual Health Statement
State of Illinois**

Exhibit 8 - Summary of Transactions with Providers

Individually list all capitated providers that rendered health care services and received capitation greater than 5% of the Health entity's total capitation.

[illegible]

Name:

**2002 Supplemental Report
Annual Health Statement
State of Illinois**

Illinois Investment Supplement

Show all investments that qualify under Section 3-1(h)(17) of the HMO Act or Section 126.20 of the Illinois Insurance Code.

[illegible]

ATTACHMENT TO THE ANNUAL STATEMENT
OF THE
OMNICARE HEALTH PLAN, INC.
FOR THE YEAR ENDED DECEMBER 31, 2002

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

OmniCare Health Plan, Inc. (the "Company") is a health maintenance organization (HMO) which commenced operations on January 1, 1994. The Company is a subsidiary of United American of Tennessee, Inc. (the "Parent") which owns 75% of the Company's common stock and all of the Company's outstanding preferred stock. United American of Tennessee, Inc. is a wholly owned subsidiary of United American Healthcare Corporation.

The Company provides a range of health care services including basic physician and hospital services, outpatient services, emergency room treatment, pharmacy services, optical services, mental health and substance abuse treatments, as well as preventive health and well-baby care. The Company has contracted with 18 hospitals, 1,128 physicians and 370 pharmacies for the delivery of medical services. The Company is domiciled in Memphis, Tennessee and their service area currently includes the Shelby County, Northwest and Southwest Tennessee regions.

The Company has a contract with the State of Tennessee's TennCare program (TennCare) to provide health care service to enrollees. The TennCare contract was renewed on July 1, 2000 for a 42-month term expiring December 31, 2003, and includes an automatic renewal for calendar years 2004 and 2005. The Company was providing health care services to approximately 114,544 and 79,739 enrollees at December 31, 2002 and 2001 respectively. All of the Company's capitation and administrative fee revenues are currently derived from its operations in the TennCare program. The Company's contract with TennCare was amended effective July 1, 2002 to provide for a Stabilization Plan which will continue through December 31, 2003. During this period, TennCare will assume all risk for medical expenses incurred after June 30, 2002 and pay the Company a fixed administrative fee for each enrollee covered under the plan.

FINANCIAL CONDITION

Assets:

The Company's total admitted assets were \$ 10.3 million and \$ 25.9 million at December 31, 2002 and 2001 respectively. The 60.2% decrease in assets of \$ 15.6 million is the result of a \$ 19.3 million decrease in Cash and Short-term Investments due to payment of claims reserves at June 30, 2002, a \$ 0.4 million increase in Health Care Receivables, a \$ 1.3 million increase in Bonds, and a \$ 2.0 million increase in Premium Receivables.

Liabilities:

The Company's total liabilities were \$ 3.3 million and \$ 18.8 million at December 31, 2002 and 2001 respectively. The Company's liabilities primarily consist of claim reserves that were computed in accordance with accepted actuarial standards and amounts due to the State of Tennessee for premium tax and overpayment of capitation. The 82.4% decrease in liabilities of \$ 15.5 million is primarily due to the reduction in claims reserve. The State of Tennessee assumed all risk for the Company's medical expenses effective July 1, 2002 so a claims reserve was not established for medical expenses incurred after June 30, 2002.

Capital Surplus:

Capital and surplus for the Company was \$ 7.1 million at December 31, 2002 and \$ 7.1 million at December 31, 2001. The Company has maintained the minimum net worth requirement of \$ 6.5 million (4% of the first \$150 million in premium revenue and 1.5% in excess of \$150 million) at December 31, 2002.

The Company believes its capital and surplus position to be adequate to support its business needs and reasonably provide for adverse experience in medical claims incurred prior to July 1, 2002.

RESULTS OF OPERATIONS

Net Income/(Loss):

Net loss for the year ended December 31, 2002 was (\$ 1.9) million compared to a net income of \$ 3.1 million for 2001. For specific changes in individual line items within the income statement, see further discussion below.

Revenues:

Premium revenue for 2002 decreased \$ 12.0 million, or 10.5% from 2001. This is attributable to the amended contract with TennCare which provided for a Stabilization Plan effective July 1, 2002 through December 31, 2003. During the Stabilization Plan TennCare will assume all risk for medical expenses incurred after June 30, 2002. The Company will be paid a monthly fixed administrative fee for each enrollee covered under the plan. These fixed administrative fee payments are recorded as other health care related revenue.

Benefits and Expenses:

Medical and hospital expenses decreased \$3.9 million or 4.0% in 2002. This is a result of the Stabilization Plan which became effective July 1, 2002. Under this Plan TennCare assumed risk for medical expenses incurred after June 30, 2002 so no medical expense has been recorded for claims incurred after June 30, 2002. Administrative benefits and expenses increased \$ 5.6 million or 40.0% in 2002. This is the result of a \$ 2.2 million increase in claims processing expense which is based on enrollees (1,377,079 in 2002

and 778,207 in 2001), \$2.9 million increase in income tax expense, and \$.5 million increase in other expenses.

CASH FLOWS

The Company's cash flow from operations was (\$ 21.0) million and \$ 5.7 million in 2002 and 2001 respectively. The negative change in cash flow for 2002 is due to the amended contract with TennCare which provides for a Stabilization Plan effective July 1, 2002. Under this plan the Company receives an administrative fee payment which is approximately 9% of the amount it previously received in capitation revenue. During the last half of the year, the Company utilized cash reserves to pay claims incurred prior to July 1, 2002.

The Company's cash flow from investing activities was (\$ 1.3) million in 2002 and (\$ 0.2) million in 2001. The negative cash flow was due to an increase in the statutory reserve requirements during 2002 and a shift from short-term investments to long-term investments. The Company's cash flow from financing and miscellaneous sources was \$2.9 million for 2002 and (\$ 2.3) million for 2001. The \$2.9 million cash flow for 2002 was due to an increase in Other Liabilities (amounts due to the State of Tennessee) and a decrease in Nonadmitted Assets.

YEAR 2003

The Company will continue operating under the Stabilization Plan through December 31, 2003. Membership for the month of March, 2003 is 112,250 and the Company is unaware at this time of any factor that might have a significant impact on this membership.

The State of Tennessee is currently reviewing the TennCare Program in an attempt to reduce the cost of operations. The final outcome of this review could potentially have an impact on the Company but at this time the Company has no specific information on the State's review process.

(Signature)

(Date)

Lorenzo Harris, Chief Financial Officer
(Printed Name and Position)

Subscribed and sworn to before me this
28th day of March, 2003

NOTARY PUBLIC (Seal)